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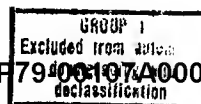
20 Feb 69

VERIFICATION OF THE PROPERTY PAID FOR UNDER THE FEDSTRIP/MILSTRIP SYSTEMS

I. Selection of Items to be Verified

- A. There are 3,033 FEDSTRIP/MILSTRIP transactions with a dollar-value of [] recorded in the general ledger account no. 4249 for the period 1 July - 31 December 1968. Of these transactions, there are 1,327 in excess of \$100.00 with a dollar value of [] and 1,706 of less than \$100.00 with a dollar value of []. The transactions in excess of \$100.00 represents 99% of the total dollar value. The transactions of less than \$100.00 represents 56.2% of the total transactions and less than 1% of the total dollar value.
- B. From this data, 132 transactions representing 10% of those in excess of the \$100.00 category were selected for the verification exercise. Of this total there are 15 "unmatched" transactions and 116 "matched" transactions. The sum of these "unmatched" and "matched" transactions amounted to a dollar value of []
- C. Working papers were prepared on the selected items and provided the basis of the verification of the receipt of property paid for under the FEDSTRIP/MILSTRIP System.

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II. Verification of the Receipts of Property

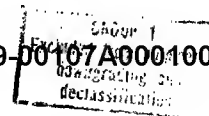
- A. The supporting documentation retained by the Central Control and Distribution Branch, Supply Division, Office of Logistics was examined to verify receipt of property for a substantial portion of the procurement involved.
- B. The verification program was continued [REDACTED] 25X1
during an on-site visit to determine receipt of property for which records were not available within the Central Control and Distribution Branch.
- C. FEDSTRIP/MILSTRIP procurement for Type I installations was verified through the examination of records retained within the Office of Finance.

III. Findings

- A. Receipt of property was verified in 116 instances whereby the amounts shown on the receiving reports were in agreement with the amounts paid for under the related FEDSTRIP/MILSTRIP procurement. These matched transactions totaled [REDACTED] and represent 88% 25X1
of the total number of transactions selected for verification.
- B. Receipt of property was verified in 15 other instances; however, these were unmatched transactions in that the amounts shown on the receiving reports were not in agreement with the related amounts representing payment for the FEDSTRIP/MILSTRIP procurement. These differences were caused by such factors as term discounts; unit price

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on receiving reports not in agreement with the unit price shown on the related billing documents. These factors have been described in considerable detail in previous verification reports and need not be repeated here. The unmatched transactions total [] and 25X1 represent 11% of the total number of transactions selected for verification.

- 25X1
- C. There was one instance in which verification was not brought to a conclusion because [] the recipient, had not acknowledged receipt of the material requested. CC&DB/SD/OL has taken the necessary action to confirm receipt of the material by [] Station. This 25X1 unresolved transaction in the amount of [] represents less than 25X1 1% of the total number of transactions selected for verification.

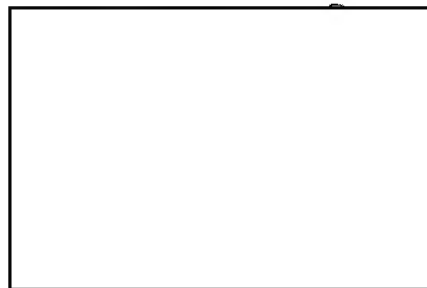
IV. Conclusions

- A. It is the opinion of the verification team that all property paid for has been received with the exception of that noted in para. III C.
- B. Payment prior to verification should continue to be made on the basis of "constructive evidence of receipt".
- C. Cost per unit as shown on receiving reports should coincide with the related cost per unit listed on packing slips.

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V. Recommendations

- A. The concept of "constructive evidence of receipt" should continue to be the basis for payment prior to verification. The program to verify property receipts paid for under the FEDSTRIP/MILSTRIP systems should be continued at regular intervals.
- B. Establish new general ledger accounts to record only property procured under the FEDSTRIP/MILSTRIP system.
- C. Publish separate machine listings for each of the following:
 - 1. All payments with corresponding acquisitions haveing the same FEDSTRIP/MILSTRIP number and the same dollar value.
 - 2. All payments with corresponding acquisitions having the same FEDSTRIP/MILSTRIP number and different dollar value.
 - 3. All payments having no corresponding acquisitions.
 - 4. All acquisitions having no corresponding payments.
- D. Reflect total dollar value and line item count on machine listings.
- E. Balance dollar value of all machine listings to the general ledger accounts.



25X1

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